Understanding the Motivations of Contraband Tobacco Smokers

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ABSTRACT

Objectives: This study explored the motivations behind illicit tobacco use in Australia. A key focus was to investigate the hypothesis that the primary motivation for illicit tobacco use is its low cost in comparison to the price of legal tobacco. Other economic views and perceptions of smokers were also revealed.

Methods: A national tobacco usage telephone survey was conducted in 2007. Illicit tobacco smokers completed a longer version of the questionnaire, which contained a series of questions relating to illicit tobacco usage and perceptions regarding the price, availability and affordability of illicit tobacco.

Results: Of the current smokers of illicit tobacco surveyed, 49% would consider increasing illicit tobacco consumption if the cost of legal tobacco were to increase to four times the price of illicit tobacco; 41% stated consumption would remain the same regardless of such a price change. Almost all (93%) former smokers of illicit tobacco claimed that a change in the cost was not the reason for deciding to stop smoking illicit tobacco. Lack of availability of illicit tobacco and unpleasant taste were commonly-given reasons for stopping consumption of illicit tobacco.

Conclusions: Some illicit tobacco smokers appear to be sensitive to the price of tobacco products, but price is not always an underlying motivator. Personal preference and the supply of illicit tobacco also influence illicit tobacco consumption. The findings suggest that reducing the supply of illicit tobacco would be a useful strategy for combating the growing illicit tobacco problem.

Keywords: illicit tobacco, smoking, motivations
INTRODUCTION

The Global Tobacco Epidemic

Over five trillion cigarettes are consumed worldwide each year, of which six per cent are smuggled, manufactured illegally or counterfeited.\(^1\) Market share of illicit trade varies considerably across the globe: in 2005, five per cent of cigarettes consumed in North America were illicitly traded, nine per cent in Europe, eight per cent in China and 30% in Brazil.\(^2\) The illicit tobacco trade costs governments worldwide approximately US$40 billion to US$50 billion in lost tax revenue each year.\(^2\) In Canada, legitimate tobacco products are sold for CA$75 to CA$90 per carton, approximately 70 – 75% of the retail cost is attributed to federal and provincial taxes.\(^3\) Whereas, illicit tobacco is sold for as little as CA$6 for 200 cigarettes (equivalent to one carton).\(^3\) With such high prevalence rates in many countries, there is justifiable concern that the relatively low cost of illicit tobacco will influence future smoking rates and consequently the health of smokers, and in particular, the impact it may have on the youth of today. The World Health Organisation Framework Convention on Tobacco Control (WHO FCTC) developed a treaty in response to the global tobacco epidemic which entered into effect on February 27, 2005. WHO FCTC protocols and guidelines listed in article 15 relate to reducing the illicit trade of tobacco products, highlighting recognition of the growing international illicit tobacco problem.

In Australia

While in most countries illicit tobacco typically involves smuggling and counterfeiting, in Australia the tobacco black market is dominated by a variant known as chop-chop.\(^4,5\) Until commercial tobacco cultivation in Australia ceased in 2008,\(^6\) chop-chop was primarily sourced by diversion from licensed growers: raw tobacco would be purchased or stolen and then sold directly to the consumer.\(^7,8\) International smuggling of tobacco and counterfeit tobacco products into the Australian domestic market, diversion of duty-free tobacco products and illegal internet sales also contribute to Australia’s illicit tobacco market.\(^5,8\) The various sources of illicit tobacco in Australia resemble those in Canada; in particular, chop-chop in Australia is similar to the illicit raw leaf tobacco in Canada that illegal manufacturers source from licensed tobacco growers.\(^9\)
Illicit tobacco in Australia is sold loose in unbranded packages or in pre-filled cigarette tubes, and is purchased “under the counter” at street markets and a variety of retail establishments including petrol stations, convenience stores, newsagent outlets and many others, as in other countries around the world. Chop-chop is estimated to cost approximately a third as much as legal tobacco and an estimated one in every 17 cigarettes consumed in Australia contains chop-chop. Further estimates of the size of the chop-chop market vary between 0.4 and 2.6 million kg per annum, which translates to between AU$99 million and AU$600 million in lost tax and excise per annum.

Illicit Tobacco Literature

Several studies have investigated the illicit tobacco market in different countries. One study examined cigarette smuggling in Belgium and attempted to profile “the smuggler”. Studies in the United States and Taiwan explored the demographics of illicit tobacco smokers. Studies in the United Kingdom and the United States have focused more specifically on attitudes towards smoking, the illicit tobacco market and tax increases. The impact tobacco smuggling has on smoking habits and addiction levels of smokers in the United Kingdom and United States has also been investigated.

Research into the Australian illicit tobacco market has provided evidence for the prevalence of chop-chop use in Australia. Other Australian studies investigated the economic costs of illicit tobacco, strategies to lessen the impact of illegal tobacco trade, health impacts and perceptions of health risks, as well as demographic differences between chop-chop users and legal tobacco users. Nevertheless, little is known about chop-chop consumers and the motivations for using chop-chop.

Insight into why smokers favour chop-chop over legal tobacco products is critically important to understanding the interaction between the legal and illicit tobacco markets. In particular, it is important from a policy perspective to establish the potential role that economic factors such as price and supply or availability may play in consumers’ choice of tobacco product. This is especially the case for geographic regions in which illicit tobacco is a growing concern. As a result, the purpose of this study was to determine the characteristics and perceptions of Australian chop-chop users with a focus of understanding key motivations behind chop-chop.
use and investigating the hypothesis that the primary motivation for chop-chop use in Australia is its low cost compared to the price of legal tobacco.

**METHODS**

A nationwide telephone survey of tobacco usage was conducted from March to June 2007; surveyed individuals were at least 18 years of age and were self-identified regular tobacco smokers. Regular smokers were defined as people who currently smoke every day, some days or occasionally. The sample was stratified to reflect state population sizes. Households were selected by Random Digit Dialling of residential telephone numbers in the Australian White Pages. Where a household contained more than one eligible survey candidate, a respondent was selected using a randomly generated number which specified his/her age position in that household. A minimum of six call attempts were made to each household to establish contact, and up to five attempts to interview an identified eligible householder once initial contact had been established. Interviews were conducted using Computer Aided Telephone Interviewing, and a letter describing the study was mailed to any respondent or household that requested one.

Chop-chop users who claimed to smoke chop-chop either every day, some days, or occasionally completed a longer version of the questionnaire, which contained a series of questions specifically relating to chop-chop usage and perceptions regarding price, availability and affordability. The survey questions related to chop-chop were designed to explore themes highlighted in a focus group study of illicit tobacco smokers, conducted in Melbourne during September, 2006.
RESULTS

Of the 46,449 households that were contacted, 2,580 households contained at least one resident eligible to complete the survey. Of those eligible households, 1,621 consented and completed the interview, resulting in a response rate of 63%. The interviews were comprised of 1,359 general smoker interviews and 262 interviews with current or former chop-chop users.

Fifty-eight per cent of smokers surveyed had seen or heard of the unbranded, illicit form of tobacco known as chop-chop. Among smokers reporting awareness of chop-chop, 59% also claimed to have smoked it. Of respondents who claimed to have smoked chop-chop at some point, 69% claimed to no longer smoke it, 26% used it occasionally or had tried it once or twice, and the remaining 5% reported currently smoking chop-chop either every day or some days. Chop-chop awareness was highest in Victoria (82%) and Queensland (72%); this is consistent with the fact that when the survey was conducted, Victoria and Queensland were the only two states in Australia in which tobacco was grown legally. Male smokers have greater awareness of the presence of chop-chop in Australia than female smokers.

Current smokers were presented with several price change scenarios and asked how chop-chop purchase patterns would change in response. Table 1 provides a summary of these findings. Note that nearly half of the current chop-chop users surveyed would consider increasing chop-chop consumption if the cost of legal tobacco were to increase to four times the price of chop-chop, but a substantial 41% stated that consumption would remain the same. Price also influenced the amount of chop-chop purchased by some past chop-chop smokers; 39% of former chop-chop smokers stated that smoking chop-chop again would be considered if the price of legal tobacco was to change to four times the price of chop-chop. However, even though some former chop-chop smokers would return to chop-chop if the price of legal tobacco increased substantially, an overwhelmingly high proportion of past chop-chop smokers (93%) claimed that a change in cost was not the reason for deciding to stop smoking chop-chop.
### Table 1
Three tobacco price change scenarios and proportions of chop-chop users’ perceived effects on chop-chop purchasing.

<table>
<thead>
<tr>
<th>If the cost of legal tobacco were to change to be...</th>
<th>Purchase levels of chop-chop would...</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Decrease</td>
</tr>
<tr>
<td>Four times the price of chop-chop</td>
<td>8 (9.4 %)</td>
</tr>
<tr>
<td>Twice the price of chop-chop</td>
<td>17 (20.5 %)</td>
</tr>
<tr>
<td>The same price as chop-chop</td>
<td>44 (51.2 %)</td>
</tr>
</tbody>
</table>

When asked whether relatively more legal tobacco is smoked during affluent times, large percentages of former and current chop-chop users claimed this was not the case (Table 2). Minorities of former and current chop-chop users claimed not to have smoked relatively more legal tobacco during affluent times as chop-chop was always preferred.

### Table 2
Proportions of chop-chop users who smoke relatively more legal tobacco in affluent times.

<table>
<thead>
<tr>
<th>n (%)</th>
<th>Former users n = 164</th>
<th>Current users n = 97</th>
<th>All users n = 261</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>62 (37.8 %)</td>
<td>43 (44.3 %)</td>
<td>105 (40.2 %)</td>
</tr>
<tr>
<td>No</td>
<td>72 (43.9 %)</td>
<td>48 (49.5 %)</td>
<td>120 (46.0 %)</td>
</tr>
<tr>
<td>No, always smoke unbranded</td>
<td>26 (15.9 %)</td>
<td>4 (4.1 %)</td>
<td>30 (11.5 %)</td>
</tr>
<tr>
<td>Don’t know</td>
<td>4 (2.4 %)</td>
<td>2 (2.1 %)</td>
<td>6 (2.3 %)</td>
</tr>
</tbody>
</table>

Among current chop-chop users who believed chop-chop had become less available in the 12 months prior to the survey, 44% reported decreased usage in this period. Most former and current chop-chop smokers claimed to have purchased relatively more legal tobacco when chop-chop was unavailable (Table 3).
Table 3
Proportions of chop-chop users who smoke relatively more legal tobacco when chop-chop is not as readily available.

<table>
<thead>
<tr>
<th>n (%)</th>
<th>Former users</th>
<th>Current users</th>
<th>All users</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>n = 163</td>
<td>n = 97</td>
<td>n = 260</td>
</tr>
<tr>
<td>Yes</td>
<td>98 (60.1 %)</td>
<td>52 (53.6 %)</td>
<td>150 (57.7 %)</td>
</tr>
<tr>
<td>No</td>
<td>47 (28.8 %)</td>
<td>37 (38.1 %)</td>
<td>84 (32.3 %)</td>
</tr>
<tr>
<td>No, always smoke unbranded</td>
<td>11 (6.8 %)</td>
<td>4 (4.1 %)</td>
<td>15 (5.8 %)</td>
</tr>
<tr>
<td>Don’t know</td>
<td>7 (4.3 %)</td>
<td>4 (4.1 %)</td>
<td>11 (4.2 %)</td>
</tr>
</tbody>
</table>

Former chop-chop smokers were asked to state reasons for no longer smoking illicit tobacco. The former chop-chop smoking respondents can be divided into two groups: the “quitters” who smoked chop-chop at least occasionally before ceasing (37%), and the “triallers” who tried chop-chop only once or twice (63%). Table 4 displays the reasons most often stated and the proportions of respondents that offered each reason. For the ‘quitters’ who once smoked chop-chop at least occasionally, the most prominent reason for discontinued use was the lack of availability of chop-chop. Among smokers who only ever trialled chop-chop, lack of availability and a dislike for the taste or strength of chop-chop were equally prevalently proffered reasons for discontinued use.
### Table 4
Proportions of respondents providing different reasons for no longer smoking chop-chop.

<table>
<thead>
<tr>
<th>Why no longer smoke chop-chop?</th>
<th>Only ever trialled chop-chop once or twice n = 285</th>
<th>Quit chop-chop but still smoke legal tobacco n = 164</th>
<th>Total n = 449</th>
</tr>
</thead>
<tbody>
<tr>
<td>Availability – no opportunity to purchase it, hard to find etc.</td>
<td>83 (29.1%)</td>
<td>85 (51.8%)</td>
<td>139 (31.0%)</td>
</tr>
<tr>
<td>Dislike the taste</td>
<td>66 (23.2%)</td>
<td>19 (11.6%)</td>
<td>85 (18.9%)</td>
</tr>
<tr>
<td>Too strong, rough, harsh etc.</td>
<td>19 (6.7%)</td>
<td>8 (4.9%)</td>
<td>27 (6.0%)</td>
</tr>
<tr>
<td>Inconvenience of having to roll it</td>
<td>12 (4.2%)</td>
<td>13 (7.9%)</td>
<td>25 (5.6%)</td>
</tr>
<tr>
<td>Makes respondent sick – headaches, cough, sore throat/lungs etc.</td>
<td>10 (3.5%)</td>
<td>12 (7.3%)</td>
<td>22 (4.9%)</td>
</tr>
<tr>
<td>Associated health risks</td>
<td>7 (2.5%)</td>
<td>8 (4.9%)</td>
<td>13 (2.9%)</td>
</tr>
<tr>
<td>Poor quality/don’t always get the same</td>
<td>6 (2.1%)</td>
<td>7 (4.3%)</td>
<td>13 (2.9%)</td>
</tr>
<tr>
<td>Illegal product</td>
<td>7 (2.5%)</td>
<td>5 (3.1%)</td>
<td>12 (2.7%)</td>
</tr>
<tr>
<td>Price is too high</td>
<td>3 (1.1%)</td>
<td>5 (3.1%)</td>
<td>8 (1.8%)</td>
</tr>
<tr>
<td>Tailor-made cigarettes are affordable</td>
<td>4 (1.4%)</td>
<td>5 (3.1%)</td>
<td>7 (1.6%)</td>
</tr>
</tbody>
</table>

Notes: Respondents are self-identified tobacco smokers with differing chop-chop histories. Some participants stated more than one reason, so percentages do not sum to 100. Also, some responses were not very specific - for example, many just reported a dislike of chop-chop (19%). Other less common reasons were stated but have not been reported here.
DISCUSSION

The findings from the Australia-wide survey of tobacco usage question the importance of economic considerations in determining smokers’ choice of legal versus illicit tobacco products. Previous studies such as Hyland et al.\textsuperscript{14} and Lee et al.\textsuperscript{15} suggested that demand for illicit tobacco is driven by its low price relative to legal forms of tobacco. Hyland et al.\textsuperscript{14} found that higher cigarette prices influence many price-sensitive smokers to seek lower priced or tax-free cigarette sources as a strategy to continue smoking. In this study, although some chop-chop smokers appear to be sensitive to the price of legal tobacco products and alter consumption of chop-chop accordingly, price was not always an underlying motivator. Many would not consider altering consumption of chop-chop if the relative prices of chop-chop and legal tobacco were to change.

Studies by Taylor et al.\textsuperscript{18} and Wiltshire et al.\textsuperscript{16} have shown that affordability is a strong driver of illicit tobacco use; that is, a rise in the cost of living will lead to smokers favouring cheaper alternatives to legal tobacco. In contrast, this study found that chop-chop smokers tend not to smoke relatively more legal tobacco during affluent times (hence, when legal tobacco is more affordable). This suggests that individual preferences are influential; a conclusion supported by the finding that, for many smokers, a disliking for the taste of chop-chop led to the decision to cease smoking chop-chop.

The findings suggest that the supply and availability of chop-chop is an important factor in smokers’ purchasing choices. Lack of availability of chop-chop was found to influence smokers’ chop-chop consumption and to induce some to smoke legal tobacco products. In particular, 52% of former regular chop-chop smokers named the lack of availability of chop-chop as the reason for no longer smoking it. Jossens and Raw\textsuperscript{26,27} have argued that reducing the supply of illicit tobacco has been successful in combating tobacco smuggling in Spain and the United Kingdom. The recent cessation of commercial tobacco cultivation in Australia\textsuperscript{6} will eliminate chop-chop sourced from the diversion of tobacco from licensed growers. However, it is reasonable to assume that untaxed tobacco will continue to be smuggled into Australia to compensate for the decline in domestic tobacco production, perhaps even on a much larger scale. Therefore, future government policy may need to examine the border
control strategies implemented in Spain and the United Kingdom if tobacco smuggling into
Australia were to become a greater problem.

A limitation of this research surrounds the sampling method used as it neglects to include
some disadvantaged, low socio-economic groups which are likely to take advantage of the
lower cost of illicit tobacco.\textsuperscript{17,28} Individuals from households listed in the Australian White
Pages telephone directory were sampled, therefore smokers who are young, renting rather
than owning a home, homeless or institutionalised were under represented or not included
in the sample. Another limitation is the lack of information about how and why non chop-
chop users might be induced to purchase chop-chop rather than legal tobacco. Future
research could explore this area to delve deeper into the motivations for illicit tobacco.
**Funding**

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REFERENCES


